

## **Relationship Between Health Insurance and Long Term Care Insurance**

Although the federal long-term care program is not yet available, already there is substantial confusion among employees and retirees regarding the relationship between LTC and federal health insurance. For example, there is a common misconception that the Federal Employees Health Benefits program already covers long-term care needs. Many retirees further believe that Medicare covers LTC as well.

In fact, long-term care is primarily not medical care and the benefits for such care under either FEHB or Medicare are extremely limited, covering only short defined periods and only certain specified types of care in some situations. (Medicaid covers long-term care, but only for those who meet their state's poverty guidelines, and it also has restrictions on covered services and where they can be received.)

The Federal Long Term Care Insurance Program (FLTCIP) will be available by October 2002, and there will be an early enrollment period sometime during the first half of 2002. People who don't need the benefits of an educational and marketing campaign can apply for the coverage and if they pass the underwriting (health questions), their coverage will be effective.

The Office of Personnel Management will have an open season sometime during the second half of 2002. Employees will get more information from their agencies during the LTC open enrollment period. Retirees will receive information at home. OPM will begin operating a toll-free teleservice center in mid-2002.

Long Term Care (LTC) Partners, a partnership of MetLife and John Hancock will be providing coverage. LTC's toll-free number is (800) 582-3337. LTC Partners also has a website to provide information. The web address is [www.ltcfeds.com](http://www.ltcfeds.com)

Below is information from the OPM explaining key points that potential enrollees will have to bear in mind as they consider whether to enroll in the LTC program when it becomes available next year.

**LTC vs. Health Coverage** LTC is insurance to help pay for long term care services you may need if you can't take care of yourself because of an extended illness or injury, or an age-related disease such as Alzheimer's.

LTC insurance can provide broad, flexible benefits for nursing home care, care in an assisted living facility, care in your home, adult day care, hospice care, and more. LTC insurance can supplement care provided by family members, reducing the burden you place on them.

Seventy-six percent of Americans believe they will never need long term care, but the facts are that about half of them will. About 40 percent of people needing long-term care are under age 65.

Long-term care can be very expensive. A year in a nursing home can exceed \$50,000. Home care for only three eight-hour shifts a week can exceed \$20,000 a year. Taking inflation into account, the cost will be much higher in the future.

Long-term care can easily exhaust your savings. Long-term care insurance can protect your savings.

FEHB does not cover long-term care needs. Look at the "not covered" blocks in sections 5(a) and 5(c) of your FEHB brochure. Health plans don't cover custodial care, a stay in an assisted living facility, or a continuing need for a home health aide to help you with other activities of daily living. Limited stays in skilled nursing facilities can be covered in some circumstances.

Medicare only covers skilled nursing home care (the highest level of nursing care) after a hospitalization for those who are blind, age 65 or older or fully disabled. It also has a 100 day limit.

**Enrollment Considerations** In general, people eligible to enroll in the FEHB will be eligible to apply for coverage under the FLTCIP (except District of Columbia employees and retirees. They are not eligible for the FLTCIP). However, the FLTCIP will not be part of the FEHB program but rather is an entirely separate, unrelated program.

There is a page in health benefits brochures regarding long-term care. But that is present simply because OPM thought that FEHB brochures and open season materials were natural vehicles for beginning to get the word out about the FLTCIP. You cannot sign up for long-term care coverage during the ongoing FEHB open season.

When FLTCIP coverage becomes available, you will not need to be enrolled in FEHB in order to participate in the FLTCIP.

There will be no self-and-family option for the FLTCIP. Self-and-family has meaning in the FEHB program, but not in the FLTCIP. In the FLTCIP program, you will apply for your own coverage and any of your eligible family members will apply for their own individual coverage separately. Any of your eligible family members could apply for coverage even if you don't. Also, unlike the FEHB, the FLTCIP doesn't cover minor children but eligible adult (age 18 or over) "children" could apply for coverage.

Your spouse will be able to apply for FLTCIP coverage even if you don't. Your spouse will have to answer the applicable underwriting (health-related) questions. You cannot apply for his/her coverage yourself.

Under FEHB you have to be enrolled for the five years immediately before (or from my first opportunity to enroll) in order to have the coverage in retirement. Also under FEHB, if you leave government service before retirement eligibility, you can continue coverage only temporarily or must convert to a private contract.

Those restrictions will not apply under FLTCIP. There will be no requirement for enrollment before retirement in order to carry the coverage in retirement. FLTCIP coverage will be fully portable--if you quit your job or retire, you still have the long term care insurance coverage, as long as you continue to pay the premiums.

The FEHB and FLTCIP don't present an either-or choice, and you should not cancel or refuse coverage under one simply because you have the other. Again, FEHB enrollment doesn't cover long term care services. That's what the FLTCIP covers. Conversely, the FLTCIP isn't designed to cover health care costs--it provides reimbursement for chronic care services—as is FEHB.

The FLTCIP has no relationship to long term care insurance policies that may be sponsored or sold by organizations associated with the FEHB, or any other organization for that matter.

#### **KEY ELEMENTS IN A LONG TERM CARE POLICY:**

1. Daily Benefit: The maximum dollar amount that the policy will pay you each day.
2. Benefit Period/Policy Maximum: This determines the total value of your policy and is calculated by multiplying the number of days you wish to receive benefits by your selected daily benefit.
3. Elimination Period: Similar to a deductible, this is the number of days that must be satisfied before the policy begins to pay benefits.
4. Inflation Protection: An available rider that systematically increases the daily benefit to account for inflationary increase, even while receiving benefits.